Income tax refunds

† 2155. SHRI KALRAJ MISHRA:
SHRIMOTILALVORA:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the income-tax refund due for the year has been paid to the concerned persons;

(b) whether he is aware that the refund-process is getting delayed due to non-availability of income-tax refund voucher; and

(c) if so, whether Government propose to grant permission to get it printed in private printing presses?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) Issue of refunds is a continuous process. Returns of income are filed by the assessees throughout the year. Processing of these returns and issue of refunds arising therefrom also continues throughout the year.

(b) Yes, Sir.

(c)The Government have given 'No Objection' to the proposal of the Income Tax department to get refund vouchers printed through approved private printers on the panel of The Reserve Bank of India.

Checking of suspicious transactions

2156. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) what changes the Reserve Bank of India propose to suggest to the commercial banks to check all suspicious transactions; and

(b) the action taken to implement them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) In order to tighten the monitoring system in deposit and other accounts, Reserve Bank of India (RBI) had issued instructions to the Banks in May,

†Original notice of the question was received in Hindi.

1995 to introduce a system of closely monitoring cash deposits and withdrawals for Rs. 10 lakhs and above in deposits and all other accounts like cash credit/overdraft etc. These instructions have been reiterated to the Banks in May, 2002. RBI have also advised the Banks to keep a watchful eye on the transactions violative of normal banking operations and to undertake due diligence in respect of the "know your customer" principles. Irregularities, if any, have to be brought to the notice of RBI.

Hometrade.Com Scam

2157. SHRI K.B. KRISHNAMURTHY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are fully seized of the ramifications of the recent hometrade.com Urban Cooperative Bank involving Government securities and if so, summary of the investigations made so far;

(b) the reasons for the Reserve Bank of India not acting on hindsight after the Madhavpura Urban Cooperative Bank scam and other Pune based Urban Cooperative Bank scams, to prevent the hometrade.com scam; and

(c) whether Government would probe the questionable role of the RBI in permitting Urban Cooperative Banks to continue perpetrating such frauds in regular succession?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Government and Reserve Bank of India (RBI) are fully seized of the ramification of the recent irregularities in securities transactions undertaken by certain Urban Cooperative Banks (UCBs). RBI has reported that while reviewing these transactions it was revealed that these UCBs are likely to incur financial loss of Rs. 170.64 crore as Home Trade and certain other brokers did not deliver the Government securities to the UCBs even though the banks had parted with funds to these brokers for purchase of Government securities. The scrutiny also revealed the following irregularities:

Routing transactions through individual brokers in excess of the prudential norms of 5%;